

SEMINAR  
ON  
MERIT PAY

HIGHLIGHTS  
OF  
PLAN

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*Merit pay as implemented in OPM  
before PMRS.*

MERIT PAY PLAN

HIGHLIGHTS

MERIT PAY FUND

Computation

- The Merit Pay Fund is composed of:
  1. One-half of the general comparability increase (non-automatic portion).
  2. Within-grade increases.
  3. Quality step increases.

Allocation

- The Merit Pay Fund is divided into pools by groups, regions, and independent staff offices.
- Pools may be further subdivided along organizational or functional lines.
- The dollar amount of each pool is based on the contribution of the employees in the pool to the merit pay fund.
- Merit increases must be within 95-105% of the merit pay fund.

SUMMARY RATINGS

General

- A summary rating of performance is required for each merit pay employee.
- The summary rating is the basis for merit increases.

Definintion

- Outstanding - significantly exceeds management expectations. Expected of only a few employees.
- Exceeds Fully- Less than outstanding but  
Successful consistently above that required for fully successful.
- Fully - Performance fully meets job  
Successful requirements. Expected of the majority of employees.
- Minimally - Does not consistently meet the  
Successful requirements of fully successful. May require correction action.

- Unacceptable - Fails to meets established standards in one or more critical elements. Corrective action must be taken.

Review

- Appraisals must be reviewed by an official of a higher level than the rater and by the pool manager.

FACTORS AFFECTING  
MERIT INCREASES

Position in  
Pay Range

- Pay ranges are divided into thirds corresponding to the GS schedule.

Lower - Steps 1-3  
Middle - Steps 4-6  
Upper - 7-10

Acceleration

- Movement through the pay range is accelerated at the lower levels and diminished at upper levels.

Summary  
Ratings

- Employees rated less than fully satisfactory receive only one-half of comparability increase (automatic portion).
- Employees rated fully successful or above receive full amounts of general comparability increase.

Percentage  
Increase Matrix

- The matrix is used to determine the minimum and maximum percentage increases possible based on the summary rating and position in the pay range. The matrix builds in the concept of acceleration.

SALARY CONSTRAINTS

Minimum  
Level

- An employee may not fall below the minimum pay for his or her grade. If the automatic portion of comparability does not reach the minimum, the pay level must be adjusted upward to the minimum. The adjustment does not count against the merit pay fund.

Grade Maximum

- Salaries are subject to the grade maximum. Increase may not raise an employee's salary above the maximum for that grade.

Statutory  
Ceiling

-- Actual rates of pay may not exceed the Congressional ceiling. These increases are awarded on paper only and count against the merit pay fund.

Pay Inversion

-- Revised plan contains provisions to prevent the occurrence of pay inversions.